

Message Text

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ACTION EA-12

INFO OCT-01 EUR-12 ISO-00 CIAE-00 DODE-00 PM-05 H-02
INR-07 L-03 NSAE-00 NSC-05 PA-02 PRS-01 SP-02
SS-15 USIA-15 COME-00 EB-08 LAB-04 SIL-01 TRSE-00
OMB-01 /096 W
-----027106 091250Z /43

R 090845Z SEP 77
FM AMEMBASSY TOKYO
TO SECSTATE WASHDC 0987
INFO AMEMBASSY BONN
AMEMBASSY LONDON
AMEMBASSY MANILA
AMEMBASSY PARIS
AMEMBASSY ROME

UNCLAS TOKYO 13915

MANILA FOR UNDER SECRETARY COOPER PARTY

PARIS FOR OECD

E.O. 11652: N/A
TAGS: ELAB, JA
SUBJECT: RENEWED GOJ CONCERN OVER UNEMPLOYMENT PROBLEM

REF: A) TOKYO 13642, B) TOKYO 3490 (NOTAL)

SUMMARY: AS JULY UNEMPLOYMENT FIGURE (2.13 PERCENT) HITS 18-YEAR HIGH, MINISTRY OF LABOR SETS UP SPECIAL TASK FORCE TO COPE WITH PROBLEM. END SUMMARY.

1. FOLLOWING GOJ'S SEPTEMBER 3 ANNOUNCEMENT OF SEVEN-POINT ECONOMIC STIMULUS PACKAGE, INCLUDING RENEWED MEASURES TO EASE UNEMPLOYMENT (REF A), MINISTRY OF LABOR THIS WEEK ESTABLISHED EMERGENCY TASK FORCE ON EMPLOYMENT POLICY TO UNDERTAKE THREE-PRONGED ATTACK ON PROBLEM. AT SAME TIME, UNCLASSIFIED

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GOJ SET UP SPECIAL CABINET COMMITTEE TO TACKLE QUESTION OF HOW TO REDUCE RAPIDLY THE WORK FORCE IN STRUCTURE-ALLY DEPRESSED INDUSTRIES WITHOUT RESORTING TO LAY OFFS.

2. MOL TASK FORCE EXPECTED FIRST TO IMPLEMENT SPEEDILY EMPLOYMENT STABILIZATION FUND, ENACTED DURING LAST DIET SESSION (REF B), WHICH ENABLES FIRMS IN DESIGNATED

"DEPRESSED" INDUSTRIES TO APPLY FOR GOVERNMENT SUBSIDY TO COVER FROM HALF (IF LARGE ENTERPRISE) TO TWO-THIRDS (IF SMALL OR MEDIUM SIZE) OF WAGES AND TRAINING EXPENSES OF WORKERS UNDERGOING VOCATIONAL RETRAINING FOR UP TO 90 DAYS. SECONDLY, TASK FORCE WILL ACTIVELY "ENCOURAGE", VIA ADMINISTRATIVE GUIDANCE, FIRMS TO RAISE BEYOND 55 RETIREMENT AGE OF WORKERS AND TO INSURE THAT AT LEAST 6 PERCENT OF THEIR EMPLOYEES ARE OVER 55. FIRMS HIRING WORKERS 55 OR OLDER FOR THE FIRST TIME WILL BE ELIGIBLE TO RECEIVE GOJ PAYROLL SUBSIDY FOR UP TO 150-DAY TRAINING PERIOD. THIRDLY, TASK FORCE SUPPOSED TO STRENGTHEN ABILITY OF MOL'S EMPLOYMENT SECURITY OFFICES TO MATCH JOB SEEKERS WITH AVAILABLE POSITIONS NATION-WIDE RECORDED IN COMPUTERIZED JOB BANK. ADDITIONALLY, TASK FORCE TO LOBBY MINISTRY OF FINANCE FOR APPROVAL, AS PART OF FY-77 SUPPLEMENTAL BUDGET OPROGRAM WHEREBY GJO WOULD PARTIALLY FUND, FOR UP TO THREE MONTHS, WAGES AND TRAINING EXPENSES OF WORKERS UNDER 55 WHO LEAVE POSITIONS IN FIRMS IN DEPRESSED INDUSTRIES FOR EMPLOYMENT IN OTHER SECTORS.

3. ISSUE FURTHER DRAMATIZED BY SEPTEMBER 6 RELEASE BY PM'S OFFICE OF JULY 1977 EMPLOYMENT STATISTICS SHOWING 2.13 PCT SEASONALLY ADJUSTED UNEMPLOYMENT. ALTHOUGH FIGURE REPRESENTS INCREASE OF ONLY 0.04 PCT OVER JUNE, IT IS HIGHEST RECORDED SINCE AUGUST 1959. WITH TOTAL NUMBER UNCLASSIFIED

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OF UNEMPLOYED IN JULY 1.05 MILLION, FIGURE REMAINS ABOVE ONE MILLION FOR SEVENTH STRAIGHT MONTH. IN INTERPRETING JULY FIGURES, PM'S OFFICE EXPRESSED PARTICULAR CONCERN OVER INCREASE IN UNEMPLOYMENT OVER JUNE, IN SPITE OF FACT THAT JULY IS GENERALLY MONTH WITH FEW NEW ENTRIES INTO LABOR MARKET AND EVEN FEWER LAY-OFFS OF SEASONAL WORKERS.

4. COMMENT: IN CONTRAST TO UPBEAT ATTITUDE IT ADOPTED FOLLOWING LONDON SUMMIT AND PRIOR TO JULY UPPER HOUSE ELECTION, GOJ NOW PUBLICIZING ITS CONCERN THAT UNEMPLOYMENT IS SERIOUS ISSUE WITH NO QUICK REMEDIES IN SIGHT. THIS CONCERN IS WELL FOUNDED. EXTENT OF PROBLEM IN JAPAN NOT ADEQUATELY REFLECTED BY UNEMPLOYMENT STATISTICS, WHICH EXCLUDE NOT ONLY SIZABLE NUMBER OF DISCOURAGED WORKERS WHO HAVE WITHDRAWN FROM LABOR FORCE BUT ALSO THOSE WORKERS ON PAID FURLOUGHS. MOREOVER, EVEN IF PACE OF RECOVERY QUICKENS AS RESULT OF NEW STIMULUS PACKAGE, IT WILL HAVE LITTLE EFFECT ON AILING INDUSTRIES SUCH AS TEXTILES AND SHIPBUILDING. THESE INDUSTRIES ARE CONFRONTED WITH LONG TERM STRUCTURAL PROBLEMS AND WITH POSSIBILITY THAT MANAGEMENT WILL EVENTUALLY BE FORCED TO RESORT TO LAY-

OFFS. MINISTRY OF LABOR OFFICIALS, THEREFORE, SEE NEW
EMERGENCY MEASURES, WITH EMPHASIS ON RETRAINING OF
WORKERS STILL ON PAYROLL, PRIMARILY AS EFFORT TO KEEP
UNEMPLOYMENT RATE FROM WORSENING AND THEY EXPECT
THAT 2 PCT UNEMPLOYMENT IS BEST JAPAN WILL BE ABLE TO DO
DURING COMING MONTHS.

MANSFIELD

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Message Attributes

Automatic Decaptoning: X
Capture Date: 01-Jan-1994 12:00:00 am
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: UNEMPLOYMENT, ECONOMIC PROGRAMS
Control Number: n/a
Copy: SINGLE
Sent Date: 09-Sep-1977 12:00:00 am
Decaption Date: 01-Jan-1960 12:00:00 am
Decaption Note:
Disposition Action: n/a
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment:
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Disposition History: n/a
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Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Expiration:
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Format: TEL
From: TOKYO
Handling Restrictions: n/a
Image Path:
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Legacy Key: link1977/newtext/t19770978/aaaacoje.tel
Line Count: 123
Litigation Code IDs:
Litigation Codes:
Litigation History:
Locator: TEXT ON-LINE, ON MICROFILM
Message ID: effb0d49-c288-dd11-92da-001cc4696bcc
Office: ACTION EA
Original Classification: UNCLASSIFIED
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators: n/a
Previous Classification: n/a
Previous Handling Restrictions: n/a
Reference: 77 TOKYO 13642, 77 TOKYO 3490
Retention: 0
Review Action: RELEASED, APPROVED
Review Content Flags:
Review Date: 10-Dec-2004 12:00:00 am
Review Event:
Review Exemptions: n/a
Review Media Identifier:
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
SAS ID: 1321964
Secure: OPEN
Status: NATIVE
Subject: RENEWED GOJ CONCERN OVER UNEMPLOYMENT PROBLEM
TAGS: ELAB, JA
To: STATE
Type: TE
vdkvgwkey: odbc://SAS/SAS.dbo.SAS_Docs/effb0d49-c288-dd11-92da-001cc4696bcc
Review Markings:
Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
22 May 2009
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 22 May 2009